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CHARLES ELMORE

IN THE

Supreme Court of the United States,

OCTOBER TERM, 1934.

No. 254.

PARAMOUNT PUBLIX CORPORATION,
Petitioner,

vs.

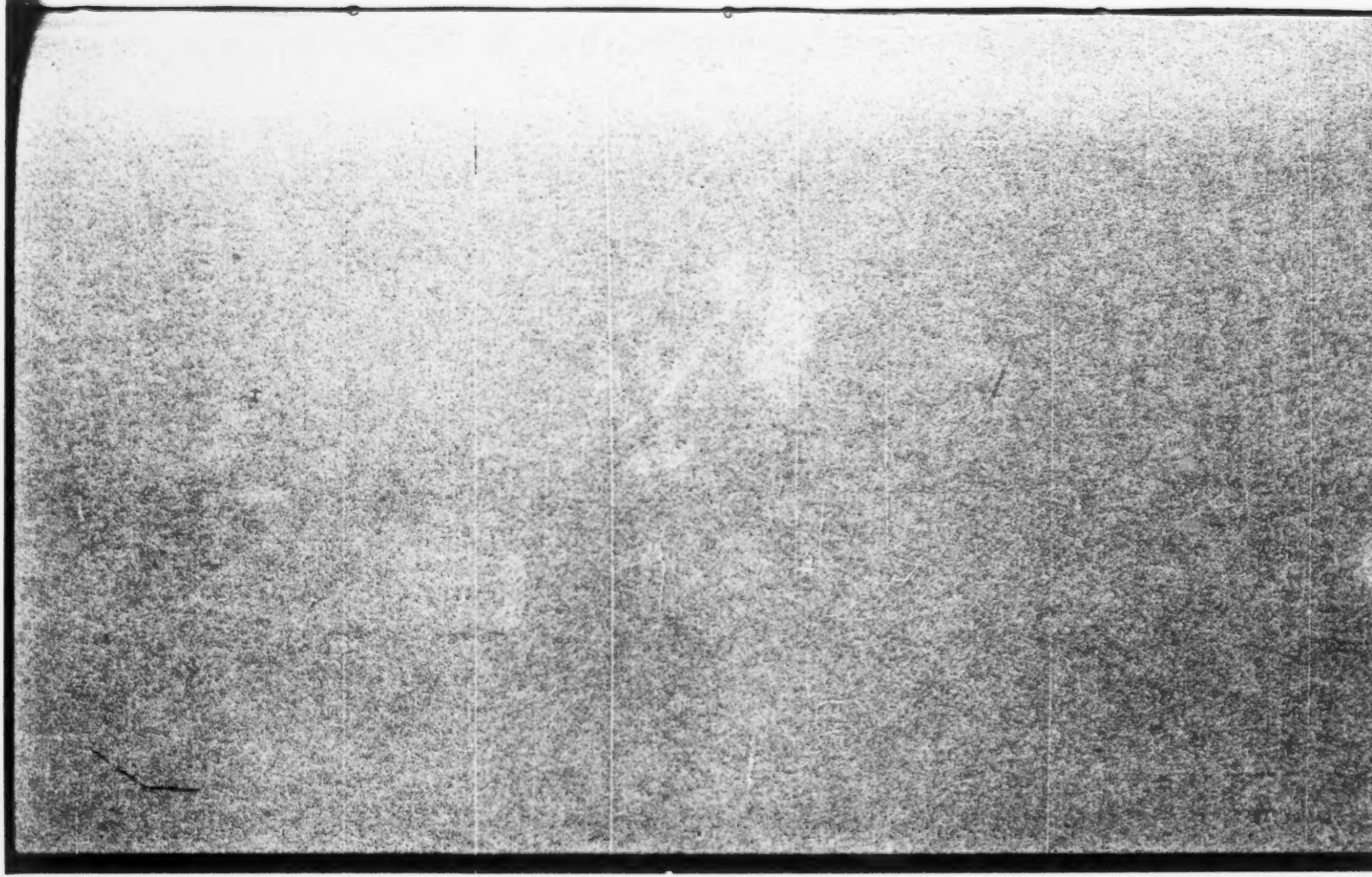
AMERICAN TRI-ERGON CORPORATION,
Respondent.

PETITION FOR REHEARING OF PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

CHARLES NEAVE,
THOMAS G. HAIGHT,
Counsel for Petitioner.

October, 1934.

The Evening Post Job Printing Office, Inc., 154 Fulton St., New York, N. Y.



Supreme Court of the United States

No. 254, OCTOBER TERM, 1934.

PARAMOUNT PUBLIX CORPORATION,
Petitioner,

AGAINST

AMERICAN TRI-ERGON CORPORATION,
Respondent.

PETITION FOR REHEARING.

TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Respondent, owner of a patent for a "process for producing combined sound and picture films", brought an infringement suit in the District Court of the United States for the Eastern District of New York against the petitioner, a producer of talking motion pictures. The District Court held the patent invalid (4 Fed. Supp. 462, per Campbell, *D. J.*). The Circuit Court of Appeals (Manton and Chase, *J.J.*—Judge Swan dissenting without opinion, 71 Fed. (2) 153) held the patent valid and infringed and reversed the decree of dismissal entered by the District Court.

There is no conflict of decisions, as between different Circuits, on the question of the validity of this patent. This is the only case that has gone to decision on that question. On October 8 last, this Court denied our petition for a writ of certiorari herein.

Events have occurred since the denial of the writ which clearly take the case outside the general rule requiring a conflict of decisions as a prerequisite to the grant of a

writ of certiorari in the ordinary patent case. In accordance with precedent[1] we call these intervening circumstances to the attention of the Court, suggesting that they require that the Court shall not refuse to review this case at this time unless satisfied of the soundness of the decision below on the question of the validity of this patent.

POINT I.

Since the denial of the writ of certiorari the overwhelming majority of motion picture producers have been sued in the Second Circuit where the Courts are committed on the validity of the patent; and respondent can thus achieve its purpose without extending litigation beyond the Second Circuit. Therefore, the Court should not dispose of this petition upon the mere ground of lack of a conflict of decision.

We have no quarrel with the rule which absolves this Court, in the absence of a conflict of decisions, from granting a writ of certiorari in an ordinary patent case involving ordinary issues of validity and infringement.[2] In the usual course of patent litigation the opportunity exists and is exercised of having suits brought and determined in several Circuits involving the same or substantially the same issues of validity and infringement, and in this process it may reasonably be expected that issues

[1] *Brinkerhoff-Faris Co.* v. *Hill*, 280 U. S. 550; 281 U. S. 673; *Olmstead* v. *U. S.*, 276 U. S. 609; 277 U. S. 438; *St. Louis Union Trust Co.* v. *Mellon*, 231 U. S. 648; 241 U. S. 657; 242 U. S. 666; *Helvering* v. *Northern Coal Co.*, 290 U. S. 59; *Sanitary Co.* v. *Winters*, 278 U. S. 587; 280 U. S. 30, 34.

[2] *Keller* v. *Adams-Campbell Co.*, 264 U. S. 314, 319; *Layne & Bowler Corp.* v. *Western Well Works*, 261 U. S. 387, 392, 393.

of fact will be thoroughly explored; that upon such full investigation by the courts primarily charged with the duty of determining patent controversies, any reasonable ground for a difference in view upon questions of law will find abundant opportunity for judicial expression; and that ultimate conflicts of view may be limited to some only of the issues involved.

But the instant decision of the Circuit Court of Appeals for the Second Circuit is not the mere beginning of patent litigation which will extend into the several circuits. By reason of peculiar circumstances the respondent is in a position to confine this litigation to the Second Circuit where the Circuit Court of Appeals is committed to the view that this patent is valid, and respondent's actions since the denial of the writ make it plain that it plans so to confine the litigation. There are listed in the margin[3] motion picture producers against whom suits for infringement of the patent at bar have been instituted in the Second Circuit by this respondent since the denial of certiorari by this Court in this case. With the exception

[3] Metro-Goldwyn-Mayer Corporation and Metro-Goldwyn-Mayer Distributing Corporation,
Warner Bros. Pictures, Inc. and The Vitaphone Corporation,
Columbia Pictures Corporation,
First Division Pictures, Inc.,
Universal Pictures Corporation,
Consolidated Film Industries, Inc.,
Twentieth Century Pictures, Inc.,
Ameranglo Corporation,
Monogram Pictures Corporation,
Reliance Pictures, Inc.,
Talking Picture Epics, Inc.,
Consolidated Film Industries, Inc.,
Producers Laboratories, Inc.,
Malcolm Laboratories Corporation,
H. E. R. Laboratories, Inc.,
Filmlab, Inc.,
Cinelab, Inc.,
Du Art Film Laboratories.

of one company that claims to own the patent[4] and one company[5] against whom a suit was filed in Delaware in November, 1931, in which no action has since been taken, these companies comprise *all* of the large sources of production of motion pictures, including substantially all of the producers and processors in the United States. A decree of infringement in the Second Circuit against any infringer will bind it not only in that Circuit but throughout the whole United States, and will permit the patent owner, in further proceedings in the Second Circuit, to have accounting for infringements occurring anywhere in the United States.[6]

We believe that these facts make it apparent that the respondent plans to confine this litigation to the Second Circuit in which it has received a favorable decree. The opportunities of the respondent to coerce the industry upon the basis of the decision of the Circuit Court of Appeals for the Second Circuit in this case are enhanced by the fact that the motion picture industry is a "quick" industry whose business cannot tolerate delay.

We do not present the above considerations as reasons why this Court should *grant* the writ of certiorari. We present them as reasons why, we submit, the Court may not justly deny the writ in this case without satisfying itself of the soundness of the decision below.

Our petition is not grounded upon the mere importance of the patent to the industry, without more[7]; nor upon the mere plea that the amounts claimed are large; nor do we contend that the Court should review the present

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[4] Fox Films Inc.

[5] R. K. O. Radio Pictures Inc.

[6] *Leman* v. *Krentler-Arnold Co.*, 284 U. S. 448, 451, 452.

[7] An argument unsuccessfully advanced in many petitions for writs of certiorari in patent cases, notably in *Radio Corporation* v. *Lord*, 278 U. S. 648.

decision in the first suit brought upon this patent merely in order to obviate a multiplicity of suits in many jurisdictions.[8] Our contention is that the special circumstances herein stated take this case out of the general rule relating to the issue of certiorari in non-conflict patent cases.

The reason for the rule governing the normal exercise of this Court's discretion in the issue of certiorari having failed in this case, the rule falls with it. In analogous situations the Court has exercised its discretion to review upon a showing that the remedy by normal proceedings in other Federal courts was lacking.[9]

[8] A contention forcibly but unsuccessfully presented by the infringer in *City of Milwaukee* v. *Activated Sludge, Inc.* certiorari denied, No. 165 of the present Term.

[9] Thus this Court will not grant leave to file a petition for a writ of mandamus to a District Court in a case not directly reviewable by this Court on appeal from such court, except upon a showing that the question involved is one of such general importance that it should be determined by this Court at the outset,—the reason for the rule being that the petitioner may secure the same relief by mandamus from the Circuit Court of Appeals (*Ex parte United States,* 287 U. S. 241, 248, 249; *Ex parte Grubbs,* 293 U. S. (decided Oct. 8, 1934)). But where it is shown to this Court that the Circuit Court of Appeals to which the petition for mandamus would be addressed has already in another case decided the point of law involved adversely to the petitioner's view, the remedy in the lower Federal court, being no remedy at all, has not prevented this Court from granting leave to file the application for mandamus and considering the merit of it. *Ex parte Baldwin,* 291 U. S. 610.

Again, there is a familiar rule that even though a case for *habeas corpus* be made out, and although this Court has the power to issue the writ, it will not ordinarily exercise its power because the same relief is available to the petitioner before a District Court in his own locality. *Ex parte Mirzan,* 119 U. S. 584; *In re Huntington,* 137 U. S. 63. But where the District Court to which the writ would lie was also the committing court, so that relief before it would have been futile, this Court exercised its discretion to grant the writ. *Ex parte Terry,* 128 U. S. 299, 302; *In re Sawyer,* 124 U. S. 200.

It should also be borne in mind that the decision which is thus being used to coerce substantially the entire industry—without opportunity for subjection to the corrective process of review and consideration in other Circuits—is a decision by an equal division of judges in the Second Circuit. The fact finding of the District Judge who heard and saw the witnesses in open court received support from the dissent of Circuit Judge Swan. Circuit Judges Manton and Chase took the opposite view.[10]

These considerations lead us with confidence to invite the Court to a brief consideration of the question of invention, upon this broader basis of inquiry.

[10] The case of *E. H. Ferree Co.* v. *United Shoe Machinery Co.*, 64 Fed. (2) 101; 290 U. S. 614; 290 U. S. 708, presents striking parallels to the case at bar. In that case the respondent sued for infringement of an improvement patent on a "clicking machine" used in manufacturing shoe uppers. The machine was old, and the invention related solely to the use of an aluminum alloy in place of cast iron in constructing a swinging arm which performed the functions of a hammer in striking the material onto the die. Applying the rules which this Court has announced with respect to the substitution of materials to the facts in the particular case before him, the District Court found and held that the substitution in that case did not amount to invention. The Circuit Court of Appeals, in an opinion by Judge Manton, reversed and held the patent valid and infringed, principally upon the ground that respondent's patent had had commercial success and had been quickly adopted by its competitors. The petition for certiorari disclosed no conflict of decisions, and the real question was whether the Circuit Court of Appeals had not erred in failing to give proper effect to the facts found by the District Court on the issue of invention. This Court granted a writ of certiorari (290 U. S. 614) but the case was dismissed upon stipulation before it was called for argument in this Court (290 U. S. 708).

The Circuit Court of Appeals reached an erroneous conclusion on the question of invention and in doing so disregarded the findings of fact made by the Trial Judge.

The patent is for a method of producing positive film prints for talking pictures having a photographic record of action and a photographic record of the accompanying sound printed side by side on its face,—an old product not claimed by the patentees.

The method described consists in photographing the action and photographing the sound simultaneously on separate negatives, developing the negatives separately in a manner appropriate to each, and printing both negatives side by side on the same positive film.

The making of separate negatives of sound and picture to permit the desirable separate development of each negative according to its needs, followed by separate printing on separate positive films was old.[11]

Hence the question was presented whether it required invention to print the separately developed negatives side by side on the same positive film.

The District Court held invention was not required, basing its decision upon a finding of fact, supported by the testimony of witnesses who appeared before it, that those skilled in the art of photography already knew that separately developed negatives could be printed side by side on the same positive film.

The testimony of the witnesses Jones (R. Vol. I, p. 1196) and Nonnenbacher (R. Vol. I, p. 131) fully support the

[11] "The other system, the double film system, records sound and pictures simultaneously on separate films. Here the picture negative is developed and printed on one positive film and the sound negative is separately developed and separately printed on another positive film." (Opinion of Circuit Court of Appeals, Vol. III, p. 1226.)

finding made by the District Judge (R. Vol. III, p. 1196) that printing "of the separate negatives on a single positive film" was old in the photographic art, being used "in both still and motion pictures, long before any date important here". The Biograph Company, at least as early as 1908 in making motion pictures, took two series of pictures, each on separate motion picture films, developed them separately in a manner appropriate for each, and printed them on the same side of the same positive film (Nonnenbacher, Vol. I, pp. 128-134).

We attach to the opposite page copies of plaintiff's Physical Exhibit 12A and defendant's Physical Exhibits A and C, being pieces of motion picture film suitably mounted and identified.

Plaintiff's Exhibit 12A illustrates the process of the patent in suit and also defendant's process held to infringe. The film at the left is the negative of the action, the film in the center is the negative of the sound record, and the positive film at the right is the print of the two negatives together on one film.

Defendant's Exhibits A and C illustrate the process used by the Biograph Company in 1908, referred to above. The negative film at the left is the picture of the Music Master, the negative film in the center is the picture of the Master's Dream, and the positive film at the right is the print of the two negatives together on one film.

In both processes, the two negatives are taken separately on separate films, the separate films are developed separately in a manner appropriate to each, and printed on the same side of a single positive film.

The Circuit Court of Appeals did not dispute this finding of fact, but held that invention was involved nevertheless.

In reaching this conclusion, the Circuit Court of Appeals gave controlling weight to testimony showing widespread adoption of the patented process by the talking picture industry and other evidences of commercial success. So to decide the question of invention is to decide that the evidence of commercial success outweighs the

direct testimony of witnesses familiar with the available knowledge of the art on this question of fact whether the art knew how to print two separately developed negatives side by side on a single positive print.

The controlling decisions of this Court hold that while commercial success and other like considerations may, *in case of doubt,* resolve the question of invention in favor of a patentee, yet such considerations can be given no weight where the patentee disclosed no more than was already known to those skilled in the art.[12]

The fact finding of the District Judge, based as it was upon testimony given by witnesses who appeared before him at the trial, should, we submit, have been treated as unassailable on appeal under the rule of *Adamson* v. *Gilliland,* 242 U. S. 350,[13] and left no room for inferences that may properly be drawn where there is doubt with respect to whether the patentee disclosed anything new.

Respectfully submitted,

CHARLES NEAVE
THOMAS G. HAIGHT
Of Counsel for Petitioner.

October, 1934.

I hereby certify that the foregoing petition is presented in good faith and not for delay.

CHARLES NEAVE

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[12] *DeForest Radio Co.* v. *General Electric Co.,* 283 U. S. 664, 685; *Hotchkiss* v. *Greenwood,* 11 How. 248, 254; *Smith* v. *Nichols,* 21 Wall., 112, 114.

[13] The rule referred to is the practical rule that findings of fact made by the trial judge must be accepted on review in equity suits, where his findings depend upon conflicting testimony, or upon the credibility of witnesses. In *Adamson* v. *Gilliland,* this Court said that a patent case is preeminently one for the application of this rule.